

615-1

UNITED STATES OF AMERICA  
DEPARTMENT OF COMMERCE

In the Matter of  
BANK SADERAT IRAN

Case No. 93-95

ORDER

The Office of Antiboycott Compliance, Bureau of Export Administration, U.S. Department of Commerce ("Department"), having determined to initiate administrative proceedings pursuant to Section 11(c) of the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§2401-2420 (1991 & Supp. 1996)) (the "Act")<sup>1</sup> and the Export Administration Regulations (15 C.F.R. Parts 768-799 (1995), as amended (61 Fed. Reg. 12714 (March 25, 1996))<sup>2</sup> (the "Regulations")), against Bank Saderat Iran ("BSI"), an international bank resident in the State of New York, based on the allegations set forth in the Proposed Charging Letter, dated

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<sup>1</sup> The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notice of August 15, 1995 (60 Fed. Reg. 42767, August 17, 1995) and August 14, 1996 (61 Fed. Reg. 42527, August 15, 1996), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1996)).

<sup>2</sup> The March 25, 1996 Federal Register publication redesignated the existing Regulations as 15 C.F.R. Parts 768A-799A. In addition, the March 25 Federal Register publication restructured and reorganized the Regulations, designating them as an interim rule at 15 C.F.R. Parts 730-774, effective April 24, 1996.

January 24, 1997, attached hereto and incorporated herein by this reference;

The Department and BSI having entered into a Settlement Agreement, incorporated herein by this reference, whereby BSI has agreed to settle this matter by the imposition of a civil penalty in the amount of \$36,000 by the Department; and

The Assistant Secretary for Export Enforcement having approved the terms of the Consent Agreement;

IT IS THEREFORE ORDERED THAT,

FIRST, a civil penalty in the amount of \$36,000 is assessed against BSI;

SECOND, Payment of the \$36,000 civil penalty will be suspended, for three years from the date this Order is entered and will thereafter be waived, provided that, during the period of suspension, BSI does not violate the Act, the Regulations, the Settlement Agreement, or this Order.

THIRD, the Proposed Charging Letter, the Settlement Agreement and this Order shall be made available to the public and a copy of this Order shall be served upon BSI.

This Order is effective immediately.

Frank W. Deliberti  
Frank W. Deliberti  
Acting Assistant Secretary  
for Export Enforcement

Entered this 12th day of March, 1997.

UNITED STATES OF AMERICA  
DEPARTMENT OF COMMERCE

In the Matter of  
BANK SADERAT IRAN

Case No. 93-95

SETTLEMENT AGREEMENT

This agreement is made by and between Bank Saderat Iran ("BSI"), an international bank resident in the State of New York, and the United States Department of Commerce ("Department"), pursuant to Section 766.18(a) of the Export Administration Regulations (15 C.F.R. Parts 768-799 (1995), as amended (61 Fed. Reg. 12714 (March 25, 1996)) (the "Regulations"),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1996)) (the "Act").<sup>2</sup>

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<sup>1</sup> The March 25, 1996 Federal Register publication redesignated the existing Regulations as 15 C.F.R. Parts 768A-799A. In addition, the March 25 Federal Register publication restructured and reorganized the Regulations, designating them as an interim rule at 15 C.F.R. Parts 730-774, effective April 24, 1996.

<sup>2</sup> The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notice of August 15, 1995 (60 Fed. Reg. 42767, August 17, 1995) and August 14, 1996 (61 Fed. Reg. 42527, August 15, 1996), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1996)).

WHEREAS, the Office of Antiboycott Compliance, Bureau of Export Administration, U.S. Department of Commerce, has notified BSI of its intention to initiate an administrative proceeding against BSI pursuant to Section 11(c) of the Act by issuing the Proposed Charging Letter, dated January 24, 1997, attached hereto and incorporated herein by this reference; and

WHEREAS, BSI has reviewed the Proposed Charging Letter and is aware of the allegations against it and the administrative sanctions which could be imposed against it if the allegations are found to be true; it fully understands the terms of this Settlement Agreement, and enters into this Settlement Agreement voluntarily and with full knowledge of its rights; and it states that no promises or representations have been made to it other than the agreements and considerations herein expressed; and

WHEREAS, BSI neither admits nor denies the truth of the allegations, but wishes to settle and dispose of the allegations made in the Proposed Charging Letter by entering into this Settlement Agreement; and

WHEREAS, BSI agrees to be bound by the appropriate Order ("Order") when entered;

NOW, THEREFORE, BSI and the Department agree as follows:

1. Under the Act and the Regulations, the Department has jurisdiction over BSI with respect to the matters alleged in the Proposed Charging Letter.
2. The Department will impose a civil penalty on BSI in the amount of \$36,000. Payment of the \$36,000 civil penalty will be suspended for three years from the date the Order is entered and will thereafter be waived, provided that, during the period of suspension, BSI does not violate the Act, the Regulations, this Settlement Agreement, or the Order, when entered.
3. Subject to the approval of this Settlement Agreement, pursuant to paragraph 8 hereof, BSI waives all rights to further procedural steps in this matter (except with respect to any alleged violation of this Settlement Agreement or the Order, when entered) including, without limitation, any right to:

- a. An administrative hearing regarding the allegations in the Proposed Charging Letter;
- b. Request a refund of the funds paid by BSI pursuant to this Settlement Agreement and the Order, when entered; or
- c. Seek judicial review or otherwise contest the validity of this Settlement Agreement or the Order, when entered.

4. The Department, upon entry of the Order, will not subsequently initiate any further administrative or judicial proceeding, or make a referral to the Department of Justice for criminal proceedings against BSI, with respect to any alleged violation of Section 8 of the Act or Part 769 or redesignated Part 760 of the Regulations arising out of the transactions set forth in the Proposed Charging Letter or any other transaction that was disclosed to or reviewed by the Department in the course of its investigation.

5. BSI understands that the Department will disclose publicly the Proposed Charging Letter, this Settlement Agreement, and the Order, when entered.
6. This Settlement Agreement is for settlement purposes only, and does not constitute an admission by BSI that it has violated the Regulations or an admission of the truth of any allegation contained in the Proposed Charging Letter or in this Settlement Agreement. Therefore, if this Settlement Agreement is not accepted and the Order not entered by the Assistant Secretary for Export Enforcement, the Department may not use this Settlement Agreement against BSI in any administrative or judicial proceeding.
7. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the Order, when entered, nor shall this Settlement Agreement serve to bind, constrain or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances herein addressed.



8. This Settlement Agreement will become binding on the Department only when approved by the Assistant Secretary for Export Enforcement by entering the Order.



Bank Saderat Iran

Signed this 30<sup>th</sup> day of January, 1997.

U.S. DEPARTMENT OF COMMERCE



William V. Skidmore  
Director  
Office of Antiboycott Compliance

Signed this 12<sup>th</sup> day of February, 1997.



PROPOSED CHARGING LETTER

January 24, 1997

Bank Saderat Iran  
New York Representative Office  
55 East 59th Street, 16th Floor  
New York, NY 10022

Attention: Ibrahim Bahmaie  
General Manager

Case No. 93-95

Gentlemen:

We have reason to believe and charge that you, Bank Saderat Iran, have committed eight (8) violations of Section 769 of the Export Administration Regulations<sup>1</sup> (the "Regulations") issued pursuant to the Export Administration Act of 1979, as amended. (50 U.S.C.A. app. §§ 2401-2420 (1991 and Supp. 1996))<sup>2</sup>. We charge that you committed two (2) violations of Section 769.2(f) of the Regulations in that, with intent to comply with, further, or support an unsanctioned foreign boycott, you implemented two letters of credit, each containing a condition or requirement compliance with which is prohibited by the Regulations.

You are also charged with two (2) violations of Section 769.2(d) of the Regulations, in that, with intent to comply with, further, or support an unsanctioned foreign boycott, you furnished two

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<sup>1</sup> 15 C.F.R. Parts 768-799 (1995), as amended (61 Fed. Reg. 12714, March 25, 1996). The March 25, 1996 Federal Register publication redesignated the existing Regulations as 15 C.F.R. Parts 768A-799A. In addition, the March 25 Federal Register publication restructured and reorganized the Regulations, designating them as an interim rule at 15 C.F.R. Parts 730-774, effective April 24, 1996.

<sup>2</sup> The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notice of August 15, 1995 (60 Fed. Reg. 42767, August 17, 1995) and August 14, 1996 (61 Fed. Reg. 42527, August 15, 1996), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1996)).



items of information about other persons' business relationships with or in a boycotted country.

Further, you are charged with violating Section 769.6 of the Regulations, in that you failed to report to the Department four (4) receipts of requests to engage in restrictive trade practices or boycotts.

We allege that:

1. You are a domestic concern resident in the State of New York, and as such, you are a United States person as defined in Section 769.1(b) of the Regulations.
2. During the period November 1991 through April 1992, you engaged in letter of credit transactions in favor of United States beneficiaries involving the transfer of goods and/or services, including information, from the United States to persons in Dubai, activities in the interstate or foreign commerce of the United States, as defined in Sections 769.1(d) and 769.2(f) of the Regulations.
3. On or about February 3, 1992, pursuant to letter of credit reference number 1802/91, you negotiated letter of credit number A/1554/91 opened by Bank Saderat Iran, Dubai, which contained the following requirement:

"Duly signed commercial invoices in 4 copies, certifying that the goods are not of Israeli origin and do not contain any Israeli Material..."
4. On or about April 3, 1992, pursuant to letter of credit reference number 1765/91, you negotiated letter of credit number A/1494/91 opened by Bank Saderat Iran, Dubai, which contained the following requirement:

"Duly signed commercial invoices in 5 copies, certifying that the goods are not of Israeli origin and do not contain any Israeli Material..."
5. Each negotiation, of the letters of credit containing the requirements quoted in paragraphs 3 and 4, above, constituted an implementation of a letter of credit containing a condition or requirement compliance with which is prohibited by the Regulations, an activity prohibited by Section 769.2(f) of the Regulations and not excepted. We hereby charge you with two (2) violations of Section 769.2(f) of the Regulations.

6. In connection with the activities described in paragraph 2 above, you received commercial and shipping documents concerning goods shipped to Dubai. The commercial and shipping documents contained information as described in Table A, which is attached and incorporated by this reference.
7. You presented the documents containing the information referred to in paragraph 6 to the opening bank in Dubai, on or about the respective dates listed in Table A, in order to obtain reimbursement to your account.
8. By providing the information identified in paragraph 6 above, and described in Table A, you furnished two (2) items of information about other persons' business relationships with or in a boycotted country, activities prohibited by Section 769.2(d) of the Regulations, and not excepted.
9. Between November 1991 and April 1992, you received requests to engage in restrictive trade practices or boycotts, relating to four (4) transactions involving the sale of goods from the United States to Dubai, as described in Table B, which is attached and incorporated by this reference, which you failed to report to the Department, as directed by Section 769.6 of the Regulations. By failing to so report, you are in violation of Section 769.6 of the Regulations. We therefore charge you with four (4) violations of Section 769.6.

Accordingly, administrative proceedings are instituted against you pursuant to Section 11(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an Order imposing administrative sanctions.<sup>3</sup>

If you fail to answer the allegations contained in this letter within thirty (30) days after service as provided in Section

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<sup>3</sup>Administrative sanctions may include any or all the following:

- a. Denial of export privileges (see Section 764.3(a)(2) and Sections 788A.3(a)(1) and (2) of the Regulations);
- b. Exclusion from practice (see Section 764.3(a)(3) and Section 788A.3(a)(3) of the Regulations); and/or
- c. The maximum civil penalty of \$10,000 per violation (see Section 764.3(a)(1) and Section 788A.3(a)(4) of the Regulations).

766.6, such failure will be treated as a default under Section 766.7.

You are entitled to a hearing on the record as provided in Section 11(c)(2)(B) of the Act. If you wish to have a hearing on the record, you must file a written demand for it with your answer. You are entitled to be represented by counsel, and under Section 11(i)(2) of the Act, to seek a consent agreement for an appropriate Order to be issued against you.

As provided in Section 766.3, I am referring this matter to the Administrative Law Judge. Please file and serve your papers to the following addressees:

Administrative Law Judge/Antiboycott Compliance  
U.S. Department of Commerce  
14th Street & Constitution Avenue, N.W.  
Room H-6839  
Washington, D.C. 20230

Office of the Chief Counsel for Export Administration  
U.S. Department of Commerce  
14th Street & Constitution Avenue, N.W.  
Room H-3839  
Washington, D.C. 20230

The Office of Chief Counsel may be contacted by telephone at (202) 482-5311.

Sincerely,

William V. Skidmore  
Director  
Office of Antiboycott Compliance

613-14

Table A

BANK SADERAT IRAN (93-95)

Schedule of Alleged Violations of §769.2(d)  
Furnishing of Prohibited Information

<u>Item</u>	<u>Reference No.</u>	<u>Furnishing Date</u> <u>(On or About)</u>	<u>Boycotting</u> <u>Country</u>	<u>Code to</u> <u>Information</u> <u>Furnished*/</u>
1.	L/C #A/1554/91	2/3/92	Dubai	A
2.	Invoice #108981	4/3/92	"	B

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\*/ Code to Information Furnished

A. "WE HEREBY CERTIFY THAT THE GOODS ARE NOT OF ISRAELI  
ORIGIN AND DO NOT CONTAIN ANY ISRAELI MATERIAL."

B. "THIS IS TO CERTIFY THAT THE GOODS ARE NOT OF ISRAELI  
ORIGIN & DO NOT CONTAIN ANY ISRAELI MATERIAL."

TABLE B

BANK SADERAT IRAN (93-95)

Schedule of Alleged Violations of §769.6  
Failures to Report Receipts of Boycott Requests

Item	(L/C or Credit) Reference No.	Date Request Received (On or About)	Boycotting Country	Code to Reportable Request */
H1.	A/1494/91	11/21/91	Dubai	A
H2.	A/1554/91	12/18/91	"	B
H3.	M/2153/92	2/27/92	"	A
H4.	M/2170/92	3/4/92	"	B

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\*/ Code to Information Furnished

- A. "DULY SIGNED COMMERCIAL INVOICES IN 5 COPIES, CERTIFYING THAT THE GOODS ARE OF U.S. ORIGIN AND DO NOT CONTAIN ANY ISRAELI MATERIAL..."
- B. "DULY SIGNED COMMERCIAL INVOICES IN 4 COPIES, CERTIFYING THAT THE GOODS ARE OF U.S. ORIGIN AND DO NOT CONTAIN ANY ISRAELI MATERIAL..."